

HOUSE BILL No. 1456

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-12.

Synopsis: Tobacco settlement funds. Makes permanent appropriations from the tobacco master settlement agreement fund.

Effective: July 1, 2003.

Brown C, Grubb

January 15, 2003, read first time and referred to Committee on Public Health.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1456

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-12-1-14.3, AS AMENDED BY P.L.291-2001,
2 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2003]: Sec. 14.3. (a) As used in this section, "master
4 settlement agreement" has the meaning set forth in IC 24-3-3-6.

5 (b) There is hereby created the Indiana tobacco master settlement
6 agreement **trust** fund for the purpose of depositing and distributing
7 money received under the master settlement agreement. The fund
8 consists of:

9 (1) all money received by the state under the master settlement
10 agreement;

11 (2) appropriations made to the fund by the general assembly; ~~and~~

12 (3) grants, gifts, and donations intended for deposit in the fund;

13 **and**

14 **(4) interest accruing to the fund.**

15 (c) Money may be expended, transferred, or distributed from the
16 fund during a state fiscal year only in amounts permitted by subsections

17 (d) through (e), and only if the expenditures, transfers, or distributions



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are specifically authorized by another statute.

(d) The maximum amount of expenditures, transfers, or distributions that may be made from the fund during the state fiscal year beginning July 1, 2000, is determined under STEP THREE of the following formula:

STEP ONE: Determine the sum of money received or to be received by the state under the master settlement agreement before July 1, 2001.

STEP TWO: Subtract from the STEP ONE sum the amount appropriated by P.L.273-1999, SECTION 8, to the children's health insurance program from funds accruing to the state from the tobacco settlement for the state fiscal years beginning July 1, 1999, and July 1, 2000.

STEP THREE: Multiply the STEP TWO remainder by fifty percent (50%).

(e) The maximum amount of expenditures, transfers, or distributions that may be made from the fund during the state fiscal year beginning July 1, 2001, and each state fiscal year after that is determined under STEP THREE of the following formula:

STEP ONE: Determine the amount of money received or to be received by the state under the master settlement agreement during that state fiscal year.

STEP TWO: Multiply the STEP ONE amount by sixty percent (60%).

STEP THREE: Add to the STEP TWO product any amounts that were available for expenditure, transfer, or distribution under this subsection or subsection (d) during preceding state fiscal years but that were not expended, transferred, or distributed.

(f) The following amounts shall be retained in the fund and may not be expended, transferred, or otherwise distributed from the fund:

(1) All of the money that is received by the state under the master settlement agreement and remains in the fund after the expenditures, transfers, or distributions permitted under subsections (c) through (e).

(2) All interest that accrues from investment of money in the fund, unless specifically appropriated by the general assembly. Interest that is appropriated from the fund by the general assembly may not be considered in determining the maximum amount of expenditures, transfers, or distributions under subsection (e).

(g) The fund shall be administered by the budget agency. Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in

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the same manner as money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the investment of the fund and may pay the state expenses incurred under those contracts from the fund. Interest that accrues from these investments shall be deposited in the fund. Money in the fund at the end of the state fiscal year does not revert to the state general fund.

(h) The state general fund is not liable for payment of a shortfall in expenditures, transfers, or distributions from the Indiana tobacco master settlement agreement fund or any other fund due to a delay, reduction, or cancellation of payments scheduled to be received by the state under the master settlement agreement. ~~If such a shortfall occurs in any state fiscal year, the budget agency shall make the full transfer to the regional health facilities construction account and then reduce all remaining expenditures, transfers, and distributions affected by the shortfall.~~

SECTION 2. IC 4-12-1-14.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 14.5. (a) There is annually appropriated to the tobacco use prevention and cessation trust fund thirty-five million dollars (\$35,000,000) from the tobacco master settlement agreement to be used in accordance with IC 4-12-4-10.**

(b) The following appropriations are made annually from the tobacco master settlement agreement:

(1) For the office of Medicaid policy and planning within the office of the secretary of family and social services, thirty-three million six hundred thousand dollars (\$33,600,000) to be used for the children's health insurance program.

(2) For the state department of health, one million four hundred thousand dollars (\$1,400,000) to be used for local health maintenance programs.

(3) For the state department of health, fifteen million dollars (\$15,000,000) to be used for community health centers.

(4) For the Indiana prescription drug account established by IC 4-12-8-2, twenty million dollars (\$20,000,000) to be used in accordance with IC 4-12-8-2.

(c) Notwithstanding section 14.3(e) of this chapter, if the fund contains insufficient funds to make the appropriations made in IC 4-12-7-4 and subsections (a) and (b), the balance in the fund shall be added to the amount available under section 14.3(e) of this

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chapter to provide for the appropriations in IC 4-12-7-4 and subsections (a) and (b).

(d) Notwithstanding section 14.3(e) of this chapter, if the fund contains insufficient money to make the appropriations made in IC 4-12-7-4 and subsections (a) and (b) after the adjustment in subsection (c) is made, the following percentages apply to the appropriations:

(1) One hundred percent (100%) of the appropriations made in IC 4-12-7-4 and subsection (a).

(2) After subtracting the appropriation made in subdivision (1) from the amount available in subsection (c):

(A) forty-eight percent (48%) of the amount determined to be available for the office of Medicaid policy and planning within the office of the secretary of family and social services for the children's health insurance program;

(B) two percent (2%) of the amount determined to be available for the state department of health for local health maintenance programs;

(C) twenty-one and four tenths percent (21.4%) of the amount determined to be available for the state department of health for community health centers; and

(D) twenty-eight and six tenths percent (28.6%) of the amount determined to be available for the Indiana prescription drug account established by IC 4-12-8-2.

SECTION 3. IC 4-12-8.5-3, AS ADDED BY P.L.291-2001, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The regional health care construction account is established for the purpose of providing funding for state psychiatric hospitals and developmental centers, regional health centers, or other health facilities designed to provide crisis treatment, rehabilitation, or intervention for adults or children with mental illness, developmental disabilities, addictions, or other medical or rehabilitative needs. The account consists of:

(1) amounts, if any, that any statute requires to be distributed to the account from the Indiana tobacco master settlement fund;

(2) appropriations to the account from other sources; and

(3) grants, gifts, and donations intended for deposit in the account.

(b) Fourteen million dollars (\$14,000,000) shall be transferred during state fiscal years 2001-2002 and 2002-2003 from the Indiana tobacco master settlement fund to the account.

(c) (b) The budget agency shall administer the account. Money in



- 1 the account at the end of a state fiscal year does not revert to the state
2 general fund but remains available for expenditure.
- 3 ~~(d)~~ (c) Money in the account may be used for:
- 4 (1) the construction, equipping, renovation, demolition,
5 refurbishing, or alteration of existing or new state hospitals,
6 regional health centers, or other health facilities; or
- 7 (2) lease rentals to the state office building commission or other
8 public or private providers of such facilities.
- 9 ~~(e)~~ (d) Money in the account shall be used to pay any outstanding
10 lease rentals before making any other payments from the account.
- 11 ~~(f)~~ (e) Money in the account is annually appropriated for the
12 purposes described in this chapter.

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